

A dark blue circular graphic containing the text 'Q1' in a large, white, serif font, with '2026' in a smaller, white, sans-serif font below it.

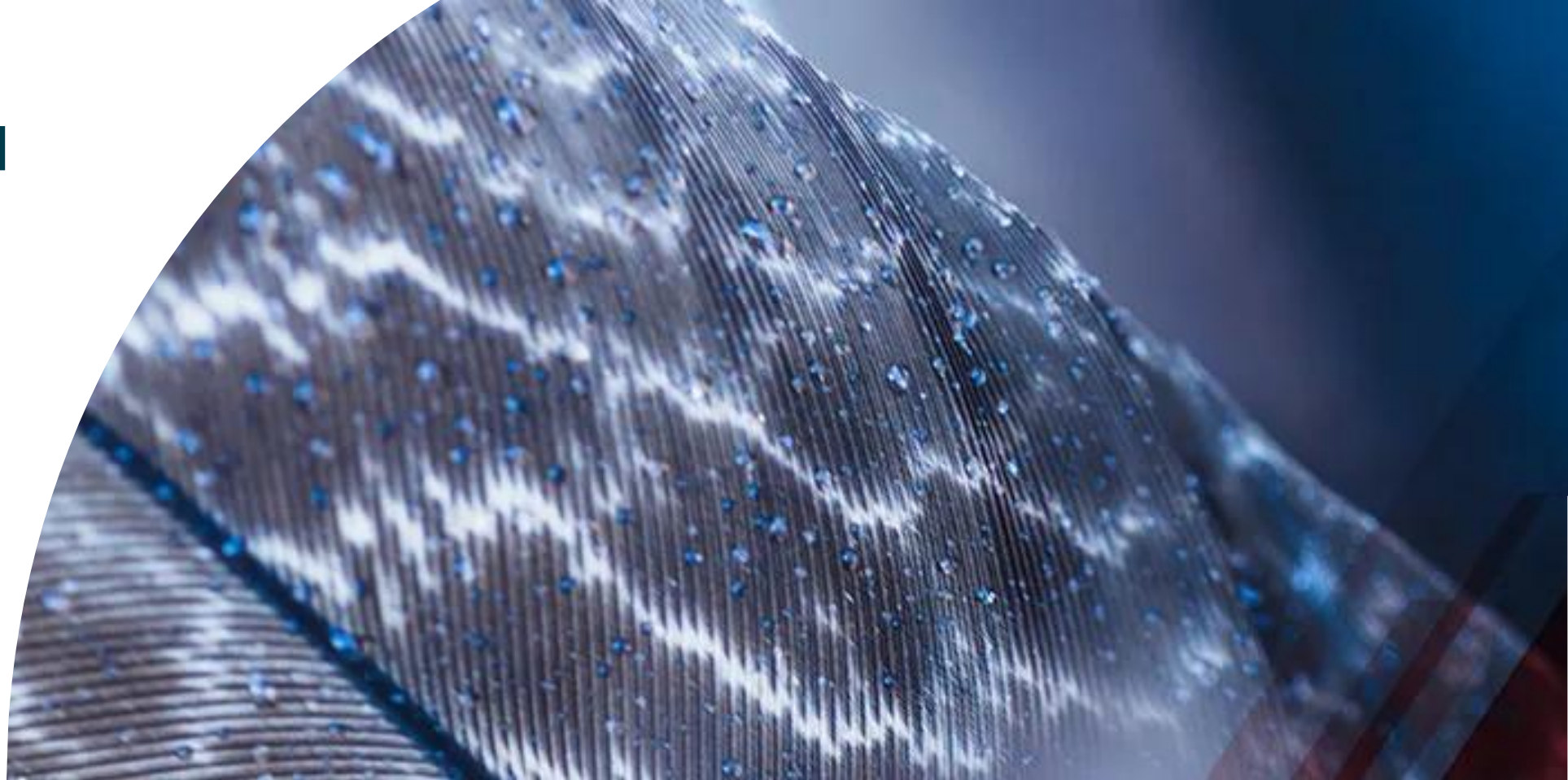
Q1
2026

The text 'CHEMICALS & MATERIALS' in a dark blue, sans-serif font, positioned above the main title.

CHEMICALS & MATERIALS

The main title 'Quarterly Review' in a large, dark blue, serif font, positioned below the subtitle.

Quarterly Review



Market Intelligence

The first quarter of 2026 reflected a modest improvement in U.S. economic momentum, though continued inflationary pressure, tariff uncertainty and uneven industrial demand remained key headwinds for the chemicals sector. Real GDP increased at an annualized rate of 2.0% in Q1 2026, up from 0.5% in Q4 2025, supported by investment, exports, consumer spending and government spending. The Federal Reserve held rates steady in March at 3.50%-3.75%, noting that economic activity continued to expand while inflation remained sticky. The “dot plot” shifted, indicating that most officials favored only one rate cut in 2026, reduced from previous expectations of more cuts. While a stable rate environment provides visibility, persistently elevated borrowing costs continue to weigh on key chemicals end markets such as construction, automotive and durable goods.

Industrial activity improved on a quarterly basis, with U.S. industrial production growing at a 2.4% annualized rate in Q1 and manufacturing output growing at a 3.0% rate, despite slight softness in March. More directly, U.S. chemical manufacturing sentiment improved meaningfully in Q1, with the American Chemistry Council noting that production, new orders, order backlogs, capacity utilization and supplier delivery times reached the highest levels since the survey began in 2023. However, the recovery remains measured, as rising production costs, global oversupply and trade uncertainty continue to pressure margins and operating rates.

In March 2026, the U.S. exported \$22.9 billion and imported \$25.2 billion of chemical products, culminating in a negative trade balance of \$2.33 billion. Between February and March, exports increased by 17% (\$3.32 billion), while imports increased 18.8% (\$4 billion). This continued to reflect the impact of global capacity additions, shifting trade flows and tariff-related purchasing decisions. Broader U.S. goods trade also remained in deficit through March, with total goods imports continuing to outpace exports. For domestic producers, the environment remains bifurcated: improving order books and

customer demand are tailwinds, but feedstock volatility, trade frictions and excess global capacity continue to limit near-term pricing power.

The global chemical sector saw noteworthy headlines throughout Q1 2026, including:

- The European Chemicals Agency (ECHA) launched its final consultation on the proposed restriction of PFAS and is moving forward towards adoption in 2027
- Brazil confirmed five-year anti-dumping duties (ADDs) on polyethylene imports from the U.S. and Canada, maintaining rates at provisional levels previously applied in August 2025
- China’s “anti-involution” policy, enacted in July 2024 to curb destructive price competition and shift industry focus to quality over quantity, continues to face challenges as more than 4.0 million metric tons per year of net new ethylene and derivative capacity came online, signaling continued oversupply and prolonged margin pressure across China’s domestic chemical market
- Global polyethylene packaging fundamentals remained weak entering 2026, with oversupply and muted demand expected to persist through the first half of the year
- European chemicals producers continued to face structural pressure from elevated energy costs, weak demand and increased competition from China, reinforcing the region’s challenged operating backdrop

IN THIS ISSUE

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- Public Company Valuation Statistics
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Growing Demand in Advanced Materials

By James Dailey, Head of North American Chemicals

The advanced materials sector remains an attractive and strategically important subsegment within the broader chemicals & materials landscape, serving a wide array of critical end markets including mobility, infrastructure, filtration, industrial manufacturing, aerospace & defense, electronics, energy transition and building products. Advanced materials providers support highly engineered, specification-driven applications where performance, reliability and customization are paramount, while often representing a relatively small portion of the overall end product cost.

From a technology perspective, the advanced materials sector encompasses a broad range of differentiated materials solutions including engineered nonwovens, specialty composites, performance polymers, technical textiles, thermal & acoustic insulation materials, filtration media, advanced coatings and lightweight engineered substrates. Increasingly, customers are prioritizing suppliers capable of delivering high-quality material solutions, particularly where applications require highly customized formulations, engineered material properties or integrated value-added processing capabilities.

The sector continues to benefit from several durable secular growth tailwinds. In mobility applications, lightweighting initiatives, noise / vibration / harshness (NVH) reduction requirements and electrification trends are driving increasing adoption of advanced materials solutions in both ICE and EV platforms. Infrastructure modernization and reshoring initiatives are supporting demand for geosynthetics, engineered construction materials and industrial fabrics, while growth in filtration, energy efficiency and sustainability initiatives continue to create incremental opportunities across industrial and environmental applications. Additionally, increasing focus on supply chain resiliency and domestic sourcing has created favorable dynamics for North American advanced materials manufacturers with localized production footprints and technical manufacturing expertise.

Raw material dynamics and operational execution remain key diligence considerations across the sector. Many advanced materials businesses rely on petroleum-derived feedstocks, specialty fibers, engineered resins and performance additives, requiring careful evaluation of raw material sourcing strategies, pricing pass-through mechanisms and supply chain flexibility. At the same time, operators that have invested in automation, engineered production capabilities and vertically integrated value-added processing have generally demonstrated stronger margin resilience and higher free cash flow conversion profiles. The other specific advantage for North American and Western European advanced material providers lies within heavier material weights that, when crossed with a level of reasonable automation, far outweigh lower labor cost market benefits in terms of production.

LINCOLN INTERNATIONAL STATEMENT

The advanced materials market continues to attract significant investor interest given the combination of highly engineered products, mission-critical applications and a fragmented competitive landscape beneath a concentrated group of scaled strategic players. Increasing performance requirements across aerospace & defense, semiconductor, energy and industrial applications are driving demand for differentiated materials and processing technologies capable of operating in increasingly harsh thermal, mechanical and chemical environments. As original equipment manufacturers (OEMs) continue to prioritize supply chain resiliency, qualification pedigree and vertically integrated manufacturing capabilities, scaled platforms with specialized technical expertise are well-positioned to capture incremental share and pursue strategic consolidation opportunities. In addition, ongoing investment in next-generation materials, thermal management solutions, lightweighting initiatives and high-performance coatings and alloys continues to expand the addressable market and create attractive avenues for organic growth. Given the strong secular demand backdrop and continued strategic buyer appetite for differentiated capability sets, we expect mergers and acquisitions (M&A) activity across the advanced materials landscape to remain robust through 2026.

Growing Demand in Advanced Materials, cont.

The advanced materials market remains fragmented across many subsectors, despite consolidation among larger diversified materials and specialty chemicals platforms. Scaled strategics continue to pursue acquisitions that broaden technical capabilities, expand end market exposure and enhance engineered product portfolios, while financial sponsors remain highly active pursuing platform creation opportunities focused on engineered, specification-driven materials businesses with attractive growth and margin characteristics. Investors continue to prioritize businesses with differentiated intellectual property, mission-critical applications, sole-source or spec'd-in customer positions and meaningful opportunities for operational improvement or value-added expansion. Selected major companies across the advanced materials spectrum include Arvind, Beaulieu International Group, Lenzing, Magnera, Mativ, Michelin, Sioen, SKAPs, Solmax, Strata Geosystems, Teijin and Toray.

From an M&A perspective, transaction activity across advanced materials has remained robust as both strategic and sponsor-backed acquirers seek exposure to high-growth, technically differentiated niches. Areas including engineered nonwovens, specialty filtration, lightweight composites, thermal management materials and performance industrial substrates have seen heightened acquisition interest due to favorable secular tailwinds and the opportunity to build scaled advanced materials platforms through consolidation. We believe there remains substantial whitespace for both strategic acquirers and private equity sponsors to continue building differentiated advanced materials businesses capable of supporting long-term GDP+ growth and margin expansion.

LEADING ADVANCED MATERIALS PLAYERS



Transaction Highlight: Advanced Materials

Snow Peak Capital has sold Dalco-GFT to Arvind Ltd

Dalco-GFT

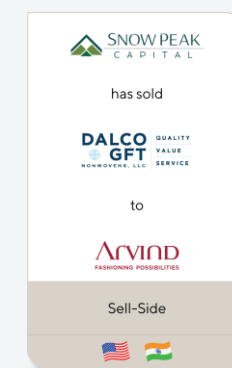
Dalco-GFT Nonwovens (Dalco-GFT) is a leading manufacturer of needle-punched nonwoven specialty fabrics serving the automotive, furniture and bedding, geotextile and industrial end markets. With operations in Conover, North Carolina, and Union, South Carolina, Dalco-GFT produces a broad range of light- and heavyweight fabrics and value-added processing for a diverse customer base. The company is recognized for its customer-centric approach, robust product engineering capabilities and commitment to delivering high-quality solutions and exceptional service.

The Deal

Lincoln International acted as the exclusive investment banking advisor to Dalco-GFT's management and ownership team for the transaction. Since Snow Peak's investment in 2022, Dalco-GFT built on its strong foundation through investments in expanded manufacturing capacity, value-added processing, operational enhancements, additions to the management team and continued diversification of its customer base. Lincoln International's buyer insights, global reach and execution expertise delivered high-quality options amid a dynamic market backdrop, culminating in a positive outcome for all parties.

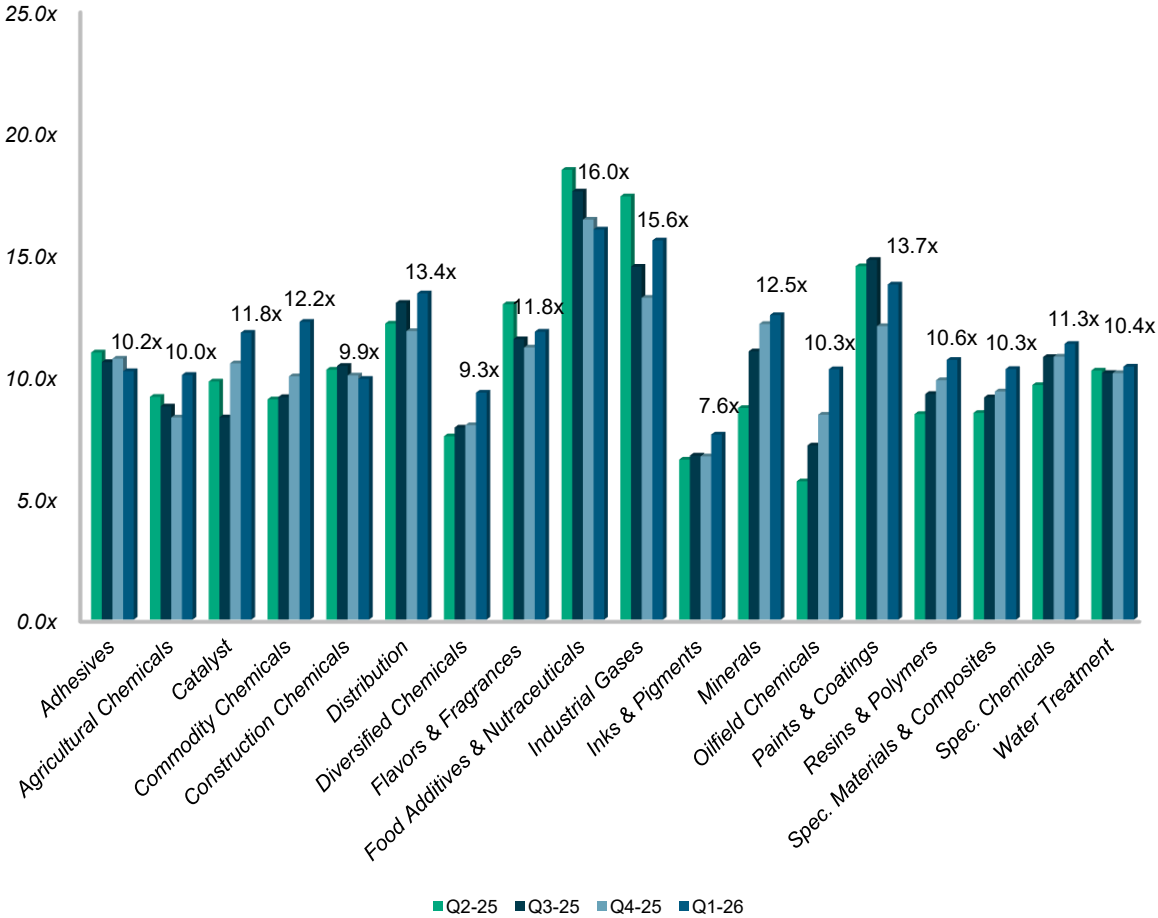
Our Perspective

Adam Hunia and James Dailey, Lincoln International officers who co-led the transaction, commented, "It was an honor to partner with Joey Duncan, Snow Peak Capital and the entire Dalco-GFT executive team to find the right partner for all stakeholders. Dalco-GFT is an important provider of advanced material solutions to diverse end markets, and we are excited for its future partnership with Arvind."

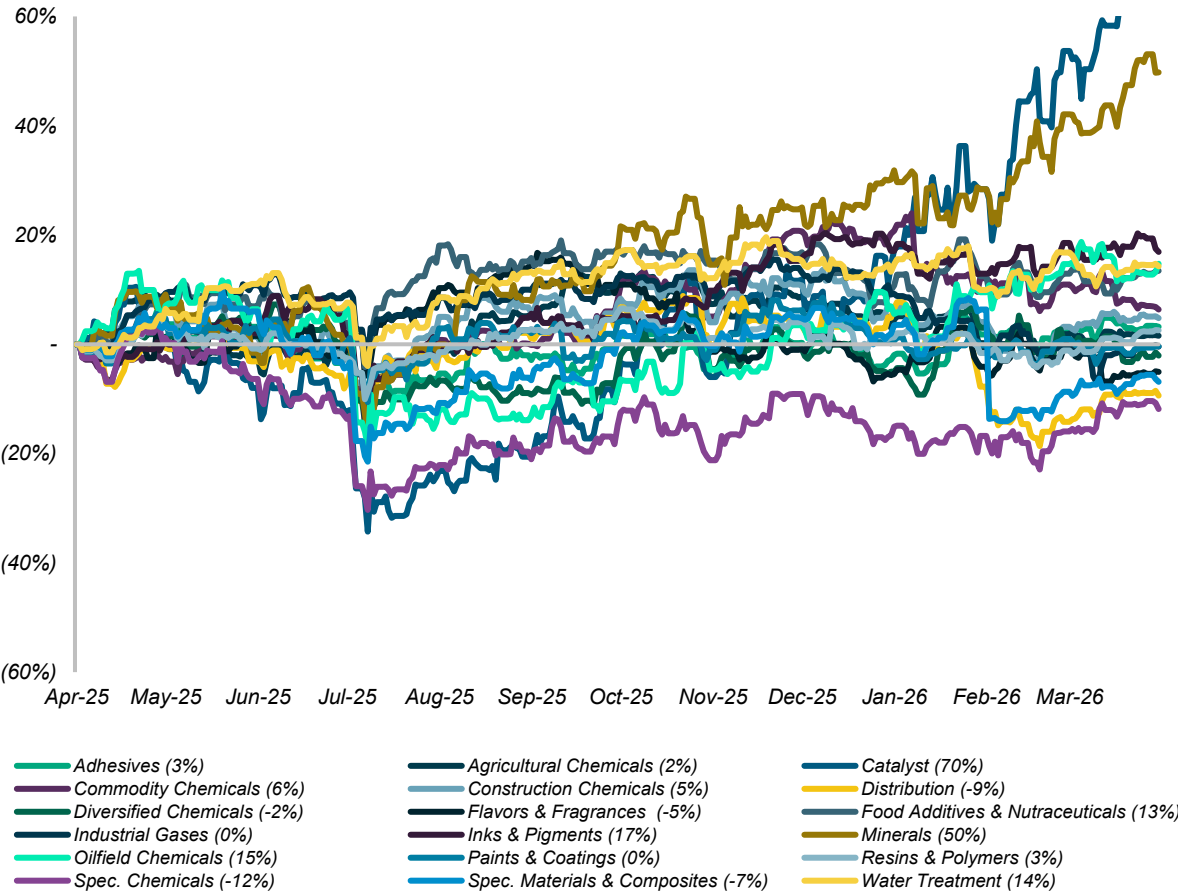


Chemicals & Materials Market Update

EV / LTM EBITDA⁽¹⁾



ONE-YEAR STOCK PERFORMANCE BY CHEMICALS SUBSECTOR⁽²⁾



(1) The above multiples are based on the mean for the past four quarters for each corresponding subsector
 (2) Calculated based on an average of publicly traded companies in the sector

Public Company Valuation Statistics as of 03/31/26

Sector	Number of Companies	Quarterly Stock Performance	% of 52 Week High	EV / LTM		P / E Multiple	Net Debt / LTM EBITDA	Q1 2026 LTM Growth		Q1 2026 LTM Margin	
				Revenue	EBITDA			Revenue	EBITDA	Gross	EBITDA
Adhesives	4	(1.5%)	84.3%	2.01x	10.2x	19.7x	1.8x	3.6%	5.2%	37.8%	18.4%
Agricultural Chemicals	14	14.5%	80.5%	1.83x	10.0x	20.1x	2.7x	(2.9%)	(4.8%)	21.9%	13.7%
Catalyst	3	73.0%	79.5%	1.85x	11.8x	10.2x	1.2x	2.0%	7.7%	11.7%	10.1%
Commodity Chemicals	17	45.5%	89.2%	1.39x	12.2x	17.4x	3.4x	2.7%	11.9%	20.2%	13.1%
Construction Chemicals	12	(2.9%)	75.6%	2.03x	9.9x	17.3x	2.2x	5.2%	8.0%	33.1%	18.1%
Distribution	5	4.6%	77.1%	1.54x	13.4x	26.3x	3.1x	2.8%	8.8%	22.2%	9.6%
Diversified Chemicals	16	7.8%	79.3%	1.23x	9.3x	14.7x	3.7x	4.3%	13.6%	23.5%	12.4%
Flavors & Fragrances	10	(21.7%)	69.2%	1.91x	11.8x	20.2x	1.6x	5.9%	10.7%	35.9%	14.7%
Food Additives & Nutraceuticals	3	15.5%	84.9%	4.27x	16.0x	20.4x	1.8x	6.6%	8.6%	44.1%	26.6%
Industrial Gases	6	6.8%	89.2%	4.51x	15.6x	25.1x	2.9x	6.9%	9.2%	39.8%	25.1%
Inks & Pigments	5	22.1%	80.0%	0.86x	7.6x	12.2x	0.4x	3.1%	6.2%	22.0%	10.7%
Minerals	9	62.4%	85.1%	3.68x	12.5x	25.8x	4.1x	4.3%	9.9%	20.5%	20.1%
Oilfield Chemicals	4	109.0%	86.7%	2.13x	10.3x	21.8x	1.2x	7.0%	15.5%	23.9%	16.2%
Paints & Coatings	8	(7.5%)	77.1%	2.32x	13.7x	16.6x	1.7x	4.6%	8.3%	39.5%	16.0%
Resins & Polymers	8	21.0%	88.3%	1.13x	10.6x	16.9x	2.2x	3.9%	30.4%	17.1%	9.6%
Spec. Materials & Composites	8	7.5%	78.4%	1.53x	10.0x	25.4x	2.6x	4.2%	10.3%	24.7%	13.6%
Spec. Chemicals	10	9.5%	80.9%	2.09x	11.3x	21.1x	2.5x	5.0%	10.3%	31.6%	17.2%
Water Treatment	4	3.8%	86.7%	2.37x	10.4x	26.5x	1.8x	4.8%	6.8%	29.1%	20.1%
Mean		17.1%	80.9%	1.99x	11.1x	19.5x	2.6x	3.7%	9.6%	26.9%	15.1%

Select Q1 2026 M&A Transactions

USD in Millions

Closing Date / Status	Target	Acquiring Company	Target Location	Acquirer Location	Enterprise Value	EV / LTM		EBITDA Margin
						Revenue	EBITDA	
Announced	Stahl	Henkel	Netherlands	Germany	\$2,477	2.90x	-	-
Announced	Engineering Thermoplastics Business of SABIC	Mutares	US	Germany	450	0.18x	-	-
Announced	Anyang Zhongying Fertilizer	Indorama Investment	China	China	-	-	-	-
Announced	Teknovace Wood Coatings	Remmers Gruppe	India	Germany	-	-	-	-
Announced	UGI International's Liquid Gas Business	DCC	Poland	Ireland	56	-	-	-
Announced	PK Fertilizers	Hextar Global Berhad	Malaysia	Malaysia	29	0.24x	-	-
Announced	Giovanni Bozzetto	One Equity Partners	Italy	US	303	-	-	-
Announced	European Petrochemicals Business of SABIC	AEQUITA	Saudi Arabia	Germany	-	-	-	-
Announced	Tex Tech Industries	Michelin	US	France	-	-	-	-
May-26	YZY Fragrances	Boyne Capital	US	US	-	-	-	-
Mar-26	ATP Adhesive Systems	Henkel	Switzerland	Netherlands	-	-	-	-
Mar-26	ABA Biologicals	BASF	Australia	US	-	-	-	-
Mar-26	OCI Ammonia	Agrofert	Netherlands	Czech Republic	334	-	-	-
Mar-26	Matrix Adhesives Group	TruArc	US	US	-	-	-	-
Mar-26	Novabay	Tata Chemicals	Singapore	Singapore	29	1.28x	-	-
Mar-26	Solae	Bunge	US	US	110	0.46x	-	-
Feb-26	Jayhawk Fine Chemicals	Doriath	US	Luxembourg	134	1.71x	8.9x	19.2%
Feb-26	Walex	Riverarch Equity Partners	US	US	-	-	-	-
Feb-26	FORTA	The Heritage Group	US	US	-	-	-	-
Feb-26	IKI Manufacturing	Insight Equity	US	US	-	-	-	-

Source: Capital IQ, Mergermarket, Pitchbook and company data

Note: Proprietary valuation information is not reflected in individual transaction details, but may be included in the calculation of Mean, Adjusted Mean and Median results

Select Q1 2026 M&A Transactions (cont'd)

USD in Millions

Closing Date / Status	Target	Acquiring Company	Target Location	Acquirer Location	Enterprise Value	EV / LTM		EBITDA Margin
						Revenue	EBITDA	
Feb-26	Venator's Duisburg Operations	ICIG	Germany	Luxembourg	-	-	-	-
Feb-26	Ketjen	Axens	France	France	-	-	-	-
Feb-26	Luxium Solutions	Excelitas Technologies	US	US	-	-	-	-
Feb-26	Micromax Business of Celanese	Element Solutions	US	US	500	12.50x	-	-
Feb-26	Mexico Carbon Manufacturing	Cabot	Mexico	US	70	-	-	-
Jan-26	Global Cellulose Fibers Business of International Paper Company	American Industrial Partners	US	US	1,500	0.54x	-	-
Jan-26	Ruhof	Aspen Surgical Products	US	US	-	-	-	-
Jan-26	Cooley Group	Michelin	US	France	-	-	-	-
Jan-26	FAR Research	Novopor Advanced Science	US	India	-	-	-	-
Jan-26	Kuan Yin land of The Chemours Company	Century Steel Holding	Taiwan	Taiwan	360	-	-	-
Jan-26	Dong Yang	IMCD	South Korea	Netherlands	-	-	-	-
Jan-26	Key Polymer	Seatex	US	US	-	-	-	-
Jan-26	Advanced Catalyst Systems	MIRATECH	US	US	-	-	-	-
Jan-26	DIG Airgas	L'Air Liquide	South Korea	France	3,332	6.12x	21.4x	28.6%
Jan-26	NAFAB	Schlaadt Group	Germany	Germany	-	-	-	-
Jan-26	ISL-Chemie	Sioen Industries	Germany	Belgium	-	-	-	-
Jan-26	Valtec Premium Lubricants	Repsol Downstream	Romania	Spain	-	-	-	-
Jan-26	Industrial Oils Unlimited	HF Sinclair	US	US	38	-	-	-
Jan-26	AmChem Industrial	Meyer Laboratory	US	US	-	-	-	-
Jan-26	Aromatic Fragrances	New Directions Aromatics	US	Canada	-	-	-	-

Source: Capital IQ, Mergermarket, Pitchbook and company data

Note: Proprietary valuation information is not reflected in individual transaction details, but may be included in the calculation of Mean, Adjusted Mean and Median results

Select Q1 2026 M&A Transactions (cont'd)

USD in Millions

Closing Date / Status	Target	Acquiring Company	Target Location	Acquirer Location	Enterprise Value	EV / LTM		EBITDA Margin
						Revenue	EBITDA	
Jan-26	MFG Chemical	Windjammer Capital Investors	US	US	-	-	-	-
Jan-26	Burnett Lime	Mississippi Lime	US	US	-	-	-	-
Jan-26	Merichem	VLS Environmental Solutions	US	US	-	-	-	-
Jan-26	Synthesia Nitrocellulose	Colt CZ	Czech Republic	Czech Republic	934	-	-	-
Jan-26	Sprayway	Highline Warren	US	US	-	-	-	-
Jan-26	Global Compounding Solutions businesses of the ACI	Westlake	Portugal	US	-	-	-	-
Jan-26	Electronic Fluorocarbons	Element Solutions	US	US	399	-	-	-
Jan-26	Oil & Gas Business of Syensqo	SNF	Belgium	France	-	-	7.0x	-
Jan-26	Occidental Chemical	Berkshire Hathaway	US	US	9,700	-	-	-
Mean						2.88x	12.4x	23.9%
Adjusted Mean⁽¹⁾						1.89x	8.9x	23.9%
Median						1.28x	8.9x	23.9%

About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and their portfolio companies and to public and privately held companies around the world. Our services include mergers and acquisitions advisory, private funds and capital markets advisory, and valuations and fairness opinions. As one tightly integrated team of more than 1,400 professionals in 25+ offices in 16 countries, we offer an unobstructed perspective on the global private capital markets, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at www.lincolninternational.com.

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Contributors

AMERICAS

Adam Hunia

Managing Director | Chicago
ahunia@lincolninternational.com
+1 (312) 506-2708

Chris Petrossian

Managing Director | Los Angeles
cpetrossian@lincolninternational.com
+1 (213) 283-3703

Luiz Recchia

Managing Director | São Paulo
lrecchia@lincolninternational.com
+55 11 2166-8822

James Dailey

Director | Los Angeles
jdailey@lincolninternational.com
+1 (213) 283-3719

Grant Robertson

Vice President | Los Angeles
grobertson@lincolninternational.com
+1 (213) 283-3708

ASIA

Yingpei Song

Managing Director | CEO China
Beijing
ysong@lincolninternational.com
+86 139 0104 1091

Preet Singh

Managing Director | Mumbai
psingh@lincolninternational.com
+91-22-40670387

EUROPE

Gianluca Banfi

Managing Director | Milan
gbanfi@lincolninternational.com
+39 02 3030 0720

Øyvind Bjordal

Managing Director | Zurich
objordal@lincolninternational.com
+41 44 576 43 13

Iván Marina

Managing Director | Madrid
imarina@lincolninternational.com
+34 911 294 996

Sibert Meulenbelt

Managing Director | Amsterdam
smeulenbelt@lincolninternational.com
+31 20 7670 313

